

EAST LIVERPOOL CITY SCHOOL DISTRICT
YOUNGSTOWN REGION, COLUMBIANA COUNTY
FINANCIAL FORECAST
JULY 1, 1999, THROUGH JUNE 30, 2000

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

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Board of Education
East Liverpool Local School District
500 Maryland Street
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We have examined the accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund of the East Liverpool City School District for the fiscal year ending June 30, 2000. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Board and the preparation and presentation of the forecast.

The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund for the fiscal year ending June 30, 2000 present, to the best of management's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the general fund for the forecast period. The accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund and this report were prepared for the Board of Education of the East Liverpool City School District to determine whether the District has demonstrated that fiscal watch conditions pursuant to Section 3316.03(A), Revised Code, have been eliminated.

In our opinion, the forecasted schedule referred to above are presented in conformity with the guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants (AICPA), and the underlying assumptions provide a reasonable basis for the Board of Education's forecast. Our examination of the financial forecast presented in this document was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for the presentation of a forecast and whether the underlying assumptions provide a reasonable basis for the forecast. The supplemental data as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information has not been subjected to procedures applied in the examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it. Furthermore, differences between the forecasted and actual results will usually happen because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after its date.

The financial statements for the year ended June 30, 1997, June 30, 1998, and June 30, 1999, were audited by the Auditor of State's Office and we expressed an unqualified opinion on these statements in our reports dated August 19, 1998, March 22, 1999, and December 10, 1999, respectively.

We have compiled the accompanying Schedules of Revenues, Expenditures, and Changes in Fund Balance for the East Liverpool City School District for the years ended June 30, 1997, 1998, 1999, and 2000 in accordance with the Statements and Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed these financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

JIM PETRO
Auditor of State

February 15, 2000

EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDING JUNE 30, 2000
GENERAL FUND

| | Fiscal Year 2000 <u>Forecasted</u> |
|--|--|
| Revenues | |
| General Property Tax | \$3,413,000 |
| Tangible Personal Property Tax | 752,000 |
| Unrestricted Grants-in-Aid | 13,500,000 |
| Restricted Grants-in-Aid | 981,000 |
| Property Tax Allocation | 504,000 |
| All Other Revenues | <u>838,000</u> |
| <i>Total Revenues</i> | <u>19,988,000</u> |
| Other Financing Sources | |
| Advances In | 127,000 |
| <i>Total Revenues and Other Financing Sources</i> | <u>20,115,000</u> |
| Expenditures | |
| Personal Services | 12,470,000 |
| Employees' Retirement/Insurance Benefits | 4,023,000 |
| Purchased Services | 1,297,000 |
| Supplies and Materials | 496,000 |
| Capital Outlay | 132,000 |
| Debt Service: | |
| Principal-Notes | 209,000 |
| Interest and Fiscal Charges | 74,000 |
| Other Objects | <u>359,000</u> |
| <i>Total Expenditures</i> | <u>19,060,000</u> |
| Other Financing Uses | |
| Operating Transfers Out | 111,000 |
| Advances Out | <u>86,000</u> |
| <i>Total Other Financing Uses</i> | <u>197,000</u> |
| <i>Total Expenditures and Other Financing Uses</i> | <u>19,257,000</u> |
| <i>Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</i> | 858,000 |
| <i>Cash Balance July 1, 1999</i> | <u>2,514,000</u> |
| <i>Cash Balance June 30, 2000</i> | <u>3,372,000</u> |
| <i>Estimated Encumbrances June 30, 2000</i> | <u>421,000</u> |
| Reservation of Fund Balance | |
| Textbooks and Instructional Materials | 31,000 |
| DPIA | 109,000 |
| Budget Reserve | 289,000 |
| Bus Purchases | <u>34,000</u> |
| <i>Subtotal</i> | <u>463,000</u> |
| <i>Unreserved Fund Balance June 30, 2000</i> | <u><u>\$2,488,000</u></u> |

See accompanying summary of significant forecast assumptions, accounting policies and accountant's report

Note: Schedule includes general fund, DPIA fund and any portion of debt service fund related to general fund debt

EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 1997, 1998 AND 1999 ACTUAL;
FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED
GENERAL FUND

| | Fiscal Year 1997 Actual | Fiscal Year 1998 Actual | Fiscal Year 1999 Actual | Fiscal Year 2000 Forecasted |
|--|----------------------------|----------------------------|----------------------------|-----------------------------------|
| Revenues | | | | |
| General Property Tax | \$3,062,000 | \$3,115,000 | \$3,236,000 | \$3,413,000 |
| Tangible Personal Property Tax | 937,000 | 909,000 | 803,000 | 752,000 |
| Unrestricted Grants-in-Aid | 10,022,000 | 11,785,000 | 13,727,000 | 13,500,000 |
| Restricted Grants-in-Aid | 905,000 | 941,000 | 994,000 | 981,000 |
| Property Tax Allocation | 457,000 | 468,000 | 470,000 | 504,000 |
| All Other Revenues | 1,255,000 | 1,122,000 | 900,000 | 838,000 |
| <i>Total Revenues</i> | <u>16,638,000</u> | <u>18,340,000</u> | <u>20,130,000</u> | <u>19,988,000</u> |
| Other Financing Sources | | | | |
| Proceeds from Sale of Notes | 125,000 | 0 | 0 | 0 |
| Operating Transfers In | 152,000 | 441,000 | 0 | 0 |
| Advances In | 19,000 | 3,000 | 45,000 | 127,000 |
| <i>Total Other Financing Sources</i> | <u>296,000</u> | <u>444,000</u> | <u>45,000</u> | <u>127,000</u> |
| <i>Total Revenues and Other Financing Sources</i> | <u>16,934,000</u> | <u>18,784,000</u> | <u>20,175,000</u> | <u>20,115,000</u> |
| Expenditures | | | | |
| Personal Services | 10,655,000 | 11,634,000 | 12,021,000 | 12,470,000 |
| Employees' Retirement/Insurance Benefits | 3,685,000 | 3,489,000 | 3,776,000 | 4,023,000 |
| Purchased Services | 852,000 | 1,032,000 | 1,277,000 | 1,297,000 |
| Supplies and Materials | 273,000 | 345,000 | 472,000 | 496,000 |
| Capital Outlay | 5,000 | 110,000 | 69,000 | 132,000 |
| Debt Service: | | | | |
| Principal-Notes | 1,076,000 | 0 | 210,000 | 209,000 |
| Interest and Fiscal Charges | 37,000 | 0 | 83,000 | 74,000 |
| Other Objects | 320,000 | 188,000 | 355,000 | 359,000 |
| <i>Total Expenditures</i> | <u>16,903,000</u> | <u>16,798,000</u> | <u>18,263,000</u> | <u>19,060,000</u> |
| Other Financing Uses | | | | |
| Operating Transfers Out | 0 | 1,507,000 | 111,000 | 111,000 |
| Advances Out | 0 | 0 | 127,000 | 86,000 |
| All Other Financing Uses | 454,000 | 297,000 | 0 | 0 |
| <i>Total Other Financing Uses</i> | <u>454,000</u> | <u>1,804,000</u> | <u>238,000</u> | <u>197,000</u> |
| <i>Total Expenditures and Other Financing Uses</i> | <u>17,357,000</u> | <u>18,602,000</u> | <u>18,501,000</u> | <u>19,257,000</u> |
| <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i> | (423,000) | 182,000 | 1,674,000 | 858,000 |
| <i>Cash Balance July 1</i> | <u>1,081,000</u> | <u>658,000</u> | <u>840,000</u> | <u>2,514,000</u> |
| <i>Cash Balance June 30</i> | <u>658,000</u> | <u>840,000</u> | <u>2,514,000</u> | <u>3,372,000</u> |
| <i>Estimated Encumbrances June 30</i> | <u>312,000</u> | <u>140,000</u> | <u>414,000</u> | <u>421,000</u> |
| Reservation of Fund Balance | | | | |
| Textbooks and Instructional Materials | 0 | 0 | 43,000 | 31,000 |
| DPIA | 0 | 0 | 109,000 | 109,000 |
| Budget Reserve | 0 | 0 | 289,000 | 289,000 |
| Bus Purchases | 120,000 | 85,000 | 151,000 | 34,000 |
| <i>Subtotal</i> | <u>120,000</u> | <u>85,000</u> | <u>592,000</u> | <u>463,000</u> |
| <i>Unreserved Fund Balance June 30</i> | <u>\$226,000</u> | <u>\$615,000</u> | <u>\$1,508,000</u> | <u>\$2,488,000</u> |

See accompanying summary of significant forecast assumptions, accounting policies and accountant's report

Note: Schedule includes general fund, DPIA fund, textbook fund and any portion of debt service fund related to general fund debt

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Nature of Presentation

This financial forecast presents, to the best of the East Liverpool City School District Board of Education's knowledge and belief, the expected revenues, expenditures and changes in fund balance of the general fund for the forecast period. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and their expected course of action as of February 15, 2000, the date of this forecast. The accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the General Fund and this report were prepared for the Board of Education of East Liverpool City School District to determine whether the District has demonstrated that the fiscal watch conditions identified in Section, 3316.03(A), Revised Code, have been eliminated. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

1. General Assumptions

The East Liverpool City School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations.

The funds used for the forecast include the general fund, the DPIA fund, the textbook fund and any portion of the debt service fund that relates to general fund debt.

The forecast contains those expenditures the Board has determined to be necessary to provide for an adequate educational program.

2. Revenue and Other Financing Source Assumptions

The fiscal year 2000 revenue and other financing source assumptions are based on the following:

Property Taxes

Property taxes consist of real estate, public utility real and personal property, tangible personal property, and trailer taxes. Advances may be requested from the Columbiana County Auditor as the tax is collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer's fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

The forecasted figures for fiscal year 2000 were based on the most recent information provided by the Columbiana County Auditor. The amounts shown in the revenue section of the forecast schedules represent gross property tax revenue.

General Property Tax (Real Estate)

Included in this revenue source are real estate and trailer tax revenues. Amounts forecasted for the rollback and homestead exemption are included under the property tax allocation account.

Based upon these estimates, the School District anticipates receiving \$3,413,000 in real estate tax revenue, an increase of \$177,000 from the prior fiscal year. The increase is attributed to a reevaluation of real property.

Tangible Personal Property Tax

This revenue source consists of tangible personal property tax revenue and the public utility personal property tax revenue. The first \$10,000 of tangible personal property is exempt from taxation. The State reimburses the School District for all revenue lost due to this exemption. The amount of this exemption is included in the forecasted tangible personal property tax revenue.

As with real estate taxes and trailer taxes, tangible personal property tax revenues are based upon confirmation received from the Columbiana County Auditor. Based upon this estimate, the School District expects to receive \$752,000 in tangible personal property tax revenue, including the tangible personal property tax exemption, a decrease of \$51,000 from the prior fiscal year. The decrease is attributed to lower levels of inventories held by businesses in the area.

Unrestricted Grants-in-Aid

State foundation payments established by Chapter 3317 of the Revised Code are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM) and classroom teacher ratios plus other factors. The funds are distributed on a semi-monthly basis. Deductions from the monthly payments for contributions to the two school retirement systems are included in the expenditure section. Forecasted amounts are based on current information provided by the State Department of Education.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

This revenue source includes formula aid, special education aid, training and experience of classroom teachers funding, unrestricted disadvantaged pupil impact aid, extended service, gifted aid, transportation, vocational education, and equalization enhancement revenues received from the State Department of Education, Division of School Finance. The amount of revenue reported on the most recent school foundation statement of settlement is \$13,500,000, which represents a decrease of \$227,000 from the prior year. This decrease is attributed to a lower pupil enrollment.

Restricted Grants-in-Aid

Restricted grants-in-aid consists of a bus purchase allowance of \$66,000 and a DPIA subsidy of \$915,000.

Property Tax Allocation

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the above (rollback and homestead).

The Columbiana County Auditor certified the amounts for homestead and rollback at \$504,000, an increase of \$34,000 from the prior fiscal year.

All Other Revenues

The following schedule represents all other revenues not classified elsewhere:

| | |
|-------------------------|------------------|
| Earnings on Investments | \$234,000 |
| Tuition and Fees | 443,000 |
| Sale of Assets | 100,000 |
| Miscellaneous | <u>61,000</u> |
| Total | <u>\$838,000</u> |

The forecasted revenue was based on the following:

1. Investment earnings of \$234,000 are based on historical investment practices and current interest rates.
2. Tuition and fees of \$443,000 are expected to decrease due to a reduction in the number of tuition students.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

3. The sale of assets of \$100,000 received in fiscal year 1999 is anticipated to be the same in the forecast year.
4. Miscellaneous revenues of \$61,000 consist of donations, rental of school property, pay phone and vending machine commissions, lost book fines, insurance claims and various other reimbursements.

Other Financing Sources

Advances in of \$127,000 represent amounts advanced to several other funds in the prior fiscal year that are being repaid to the general fund in the forecast year.

3. Expenditure and Other Financing Use Assumptions

The fiscal year 2000 anticipated expenditures and other financing uses are based on the following:

Personal Services

The personal service expenditures of \$12,470,000 forecasted for fiscal year 2000 are comprised of the following:

| | |
|---------------------|---------------------|
| Certified Salaries | \$10,548,000 |
| Classified Salaries | <u>1,922,000</u> |
| Total | <u>\$12,470,000</u> |

The School District is anticipating a \$449,000 increase in the cost of personal services from fiscal year 1999 levels. The major reasons for this increase are outlined below:

- A \$463,000 increase in salaries due to a three percent raise for certified and two and one-half percent raise for classified employees for fiscal year 2000, along with step increases and education moves.
- An \$8,000 increase in supplemental contract costs based on the increase in the salary base.
- An increase of \$35,000 in retirement incentive bonus costs due to the retirement of several employees.
- A \$12,000 decrease in anticipated substitute costs due to less need for substitutes.
- A decrease of \$47,000 in anticipated overtime costs.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Employees' Retirement/Insurance Benefits

Employee retirement and insurance benefits are forecasted at \$4,023,000 for fiscal year 2000. The forecast amounts include:

| | |
|-----------------------|------------------------|
| Retirement | \$1,731,000 |
| Tuition | 20,000 |
| Insurances | 2,081,000 |
| Medicare | 72,000 |
| Unemployment | 1,000 |
| Workers' Compensation | <u>118,000</u> |
| Total | <u>\$4,023,000</u> |

The School District anticipates an increase of \$247,000 in the cost of benefits for fiscal year 2000. This increase is a combination of the following:

- Insurance costs are anticipated to increase due to an increase of 18.9 percent in health insurance rates in fiscal year 2000.
- Workers' compensation insurance premiums are expected to increase due to increases in salaries and a full year payment of the premiums in May 2000.
- Increases in both medicare and unemployment costs are anticipated.

Purchased Services

Purchased service expenditures forecasted in the amount of \$1,297,000 are comprised of:

| | |
|---|------------------------|
| Professional and Technical Services | \$250,000 |
| Property Services | 205,000 |
| Travel and Meeting Expenses | 14,000 |
| Communication and Utility Costs | 478,000 |
| Tuition | 346,000 |
| Pupil Transportation and Other Services | <u>4,000</u> |
| Total | <u>\$1,297,000</u> |

The School District is anticipating a \$20,000 increase in the cost of purchased services for fiscal year 2000. This increase is due primarily to increases in professional services, property services and tuition costs.

Supplies and Materials

The School District anticipates spending \$496,000 for supplies and materials in fiscal year 2000. This amount is comprised of \$43,000 from the Textbook Subsidy Fund and \$453,000 from the General Fund. The expenditures are as follows:

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

| | |
|--|------------------|
| Textbooks, Library Books and Periodicals | \$278,000 |
| Supplies and Materials for Operation, Maintenance, and Repair | 175,000 |
| Textbook Subsidy | <u>43,000</u> |
| Total | <u>\$496,000</u> |

There is a forecasted \$24,000 increase in expenditures for supplies and materials from fiscal year 1999 levels. The increase is attributed to additional general supplies and library book expenditures and normal variations in spending levels in other areas.

Capital Outlay

Capital outlay expenditures are forecasted for fiscal year 2000 in the amount of \$132,000. The majority of the planned expenditures are for additional computer technology equipment, bus purchases, and various replacement equipment items.

Debt Service

During fiscal year 2000, the School District will be repaying an energy conservation note, a driver education auto loan, and a Honeywell H. B. 264 note. The District will pay \$209,000 in principal and \$74,000 in interest.

Other Objects

This account includes dues, fees, liability insurance, assessments and county board costs. Total other objects expenditures are forecasted at \$359,000.

Other Financing Uses

This account includes transfers out of \$111,000 for the food service fund and advances out of \$86,000. Total financing uses is forecasted at \$197,000.

4. Spending Reserve

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget. The School District did not include a spending reserve in their current year tax budget.

5. Encumbrances

Encumbrances for the fiscal year ended June 30, 1999 were \$414,000 and are forecasted at \$421,000 at June 30, 2000. Current year encumbrances include the State Teacher's Retirement System advance.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

6. Reservation of Fund Balance

Textbooks and Instructional Materials

The required three percent contribution for fiscal year 2000 for the textbooks and instructional materials set aside amounted to \$353,000. The School District had a carryover balance of \$43,000 from textbook subsidy fund money at the close of fiscal year 1999. This amount is partially offset by qualifying purchases of textbooks, instructional materials, instructional supplies, instructional software, and instructional equipment of \$365,000, leaving a reserve balance requirement at June 30, 2000 of \$31,000.

Capital Improvements

The required three percent contribution for fiscal year 2000 for the capital improvements and maintenance set aside amounted to \$353,000. This amount was offset by permanent improvement levy fund receipts of \$241,000 qualifying under Ohio Revised Code Section 5705.21, transfers from the general fund and qualifying expenditures of \$169,000 for general maintenance, equipment and building repairs, leaving no reserve balance requirement at June 30, 2000.

Budget Reserve

The School District received a refund from the Bureau of Workers' Compensation in fiscal year 1998. This refund was required, under Section 39 of House Bill 770, to be part of the five percent set aside reserve balance. Therefore, the refund of \$183,000 received from the Bureau of Workers' Compensation has been reserved for budget stabilization.

A contribution for budget stabilization is required if the base for the prior year grew by at least three percent, unless a school district is in fiscal watch or fiscal emergency.

Since the School District is currently in a state of fiscal watch, the set aside was not required during fiscal year 1999. However, East Liverpool City School District contributed \$106,000 to the existing budget reserve in fiscal year 1999 since it had funds available, making the balance \$289,000 at the end of fiscal year 1999. The District does not intend to make an additional contribution in fiscal year 2000.

DPIA

The School District had a carryover balance of \$109,000 at the end of fiscal year 1999. The School District anticipates fiscal year receipts of \$983,000 and expenditures of \$983,000 in fiscal year 2000. The restricted balance at the close of fiscal year 2000 is anticipated to be \$109,000.

Bus Purchases

The School District had a carryover balance remaining for bus purchases at the end of fiscal year 1999 of \$151,000 and received \$67,000 in bus purchase allowance during fiscal year 2000. The School District will spend \$184,000 for bus purchases during fiscal year 2000, leaving a balance of \$34,000 at the end of fiscal year 2000.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

7. Levies

The District placed a 7.1 mill emergency levy on the March 2000 ballot. If passed it will generate approximately \$1,058,000 in annual revenue beginning January 2001.

8. Pending Litigation

There are currently no outstanding issues that would be deemed or interpreted as legally threatening at the time of this forecast.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts and disbursements which is consistent with the required budget basis (non-GAAP) of accounting which is the same as that used to prepare the historical budgetary statements for the years ended June 30, 1997, 1998, and 1999. Under this system, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds. The appropriations are made by the Board of Education to their classification of accounts and are restricted for such purpose until expended or amended by the Board.

B. Investments

Investment procedures are restricted by the provisions of the Ohio Revised Code. The School District pools cash from all funds for investment purposes. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

C. Fund Accounting

The School District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

General Fund

The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than expendable trusts or those for major capital projects) that are legally restricted to disbursements for specified purposes.

Capital Project Funds

To account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Debt Service Funds

To account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest. According to governmental accounting principles, the Debt Service Fund accounts for the payment of debt for governmental funds only. Under Ohio law, the debt service fund may be used to account for the payment of debt for both governmental and proprietary funds.

Proprietary Funds

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds

To account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Non-expendable Trust Funds, (c) Pension Funds, and (d) Agency Funds.

D. Budgetary Process

Budget

A budget of estimated cash receipts and disbursements is submitted to the Columbiana County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the succeeding fiscal year.

Estimated Resources

The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances

The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

E. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets as the purpose of the financial statements for the general governmental services is to report the expenditure of resources, not costs.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF NOTE INDEBTEDNESS
FEBRUARY 15, 2000**

| O.R.C. Authority | Note Amount | Held By | Due | Rate of Interest | Source of Repayment |
|---------------------|----------------|--------------------|----------|---------------------|------------------------|
| 3313.372 | \$461,000 | National City Bank | 02/11/03 | 7.0125% | General Fund Resources |
| 3313.372 | \$609,000 | National City Bank | 09/08/07 | 5.0000% | General Fund Resources |

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

TEN -YEAR LEVY HISTORY

| DATE | TYPE | AMOUNT | TERM | ELECTION RESULTS |
|-------|----------------------------------|-------------|------------|------------------|
| 05/91 | Additional | 5.0 Mills | 5 Years | Passed |
| 05/93 | Permanent Improvement | 2.0 Mills | 5 Years | Passed |
| 11/94 | Emergency | 9.0 Mills | 5 years | Passed |
| 11/95 | Emergency | 7.5 Mills | 5 years | Failed |
| 08/96 | Emergency | 7.0 Mills | Continuing | Failed |
| 11/96 | Emergency | 7.0 Mills | Continuing | Passed |
| 11/97 | Permanent Improvement | 2.0 Mills | 5 years | Passed |
| 05/99 | Permanent Improvement Bond Issue | 2.98 Mills | 23 years | Failed |
| 11/99 | Income Tax | .75 Percent | Continuing | Failed |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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EAST LIVERPOOL CITY SCHOOL DISTRICT

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 3, 2000**